

PROVINCE OF SASKATCHEWAN

REPORT OF THE PROVINCIAL AUDITOR

TO THE LEGISLATIVE ASSEMBLY

FOR THE

YEAR ENDED MARCH 31

1984



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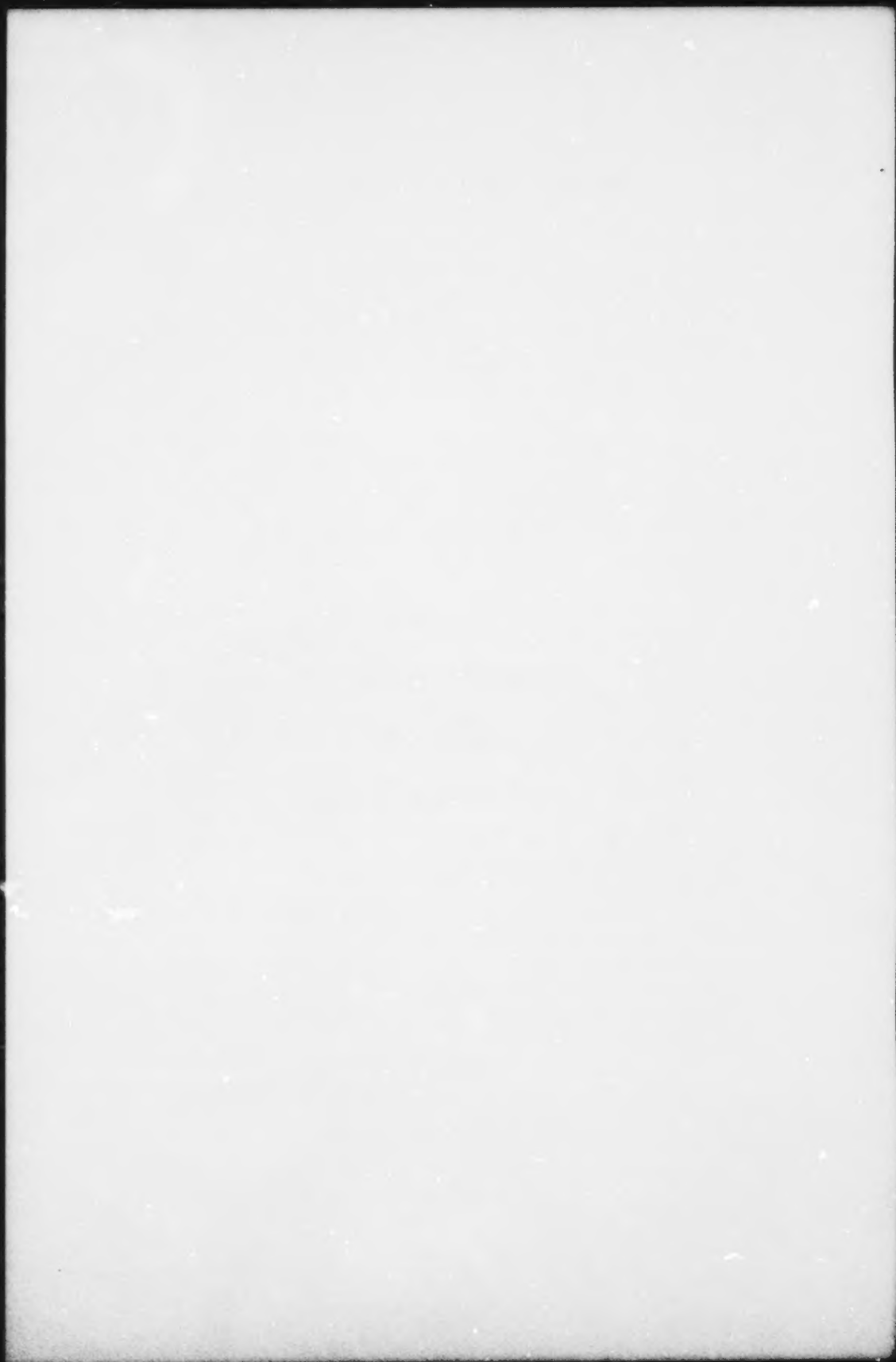


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**FOR THE
YEAR ENDED MARCH 31**

1984





Provincial Auditor Saskatchewan

South Albert Plaza
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January 31, 1985

To the Members of the Legislative Assembly

I have the honour to submit to the Legislative Assembly, this report, upon the examination of the accounts of the Government of the Province of Saskatchewan for the fiscal year ending March 31, 1984, to be laid before the Assembly in accordance with the provisions of Section 14 of The Provincial Auditor Act.

Respectfully Submitted,

A handwritten signature in cursive script, reading "W. G. Lutz".

W. G. Lutz, F.C.A.,
Provincial Auditor



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Introduction

REPORT OF THE PROVINCIAL AUDITOR TO THE LEGISLATIVE ASSEMBLY FOR THE FISCAL YEAR ENDED MARCH 31, 1984

1.

1.0 Current Issue of Importance

The Auditor General of Canada recently reported:

"I cannot emphasize too strongly that critical choices must be and are being made, based on economic interpretations of the summary information contained in Canada's financial statements. If the gap between what is recorded in the accounts and actual economic reality continues to increase, it will become more and more difficult to form judgements on the impact of the deficit and the national debt on the economy."

The Auditor General of Canada made this comment as part of his overall comments on the inadequacy of the Government of Canada's financial statements in fully presenting the Government of Canada's revenues, expenditures, deficit and financial requirements. The reason for the inadequacy is that the Government of Canada's expressed objective used in preparing the financial statements is to report the legal form of financial transactions. This underlying objective of reporting financial transactions based on legal form rather than on the economic substance of the financial transactions can result in financial statements which disclose materially different revenues, expenditures, deficits and financial requirements.

The Government of Saskatchewan, like the Government of Canada, also reports in the public accounts, economic events based on legal form rather than the economic substance of events. The result of reporting on legal form only without also reporting on economic substance is that the revenues, expenditures and financial position of the Government of Saskatchewan are not fully presented.

My concern is that public attention, debate and decisions may be directed towards reported amounts which do not present fully the revenues, expenditures and financial position of the Government of Saskatchewan based on the economic substance of the transactions.

Section 2.5 of this report contains a further discussion on the Government of Saskatchewan's financial statements for the Consolidated Fund, Saskatchewan Heritage Fund and for a combination of the transactions of these two funds.

1.1 General

The Provincial Auditor Act governs the appointment of the Provincial Auditor and his staff, the powers of the Provincial Auditor and his responsibilities to audit and report. A copy of The Provincial Auditor Act is contained in Appendix I to this report.

Succinctly put, the Provincial Auditor's role is to help the Legislative Assembly hold the government (cabinet and its appointed officials) accountable by reporting to the Legislative Assembly on matters relating to the quality of the government's administration of public money.

All entities, such as Boards, Commissions, Crown Corporations and Departments of the Government of Saskatchewan, are equally accountable to the Legislative Assembly. In keeping with this philosophy, the Legislative Assembly has established, through The Provincial Auditor Act, uniform audit and reporting requirements for every entity of the Government of Saskatchewan, regardless of the legal form of the organization and regardless of whether the Provincial Auditor is the sole auditor of that entity or whether another auditor audits the entity, under the direction of the Provincial Auditor.

This uniformity of audit examination and reporting requirements helps to ensure that the Members of the Legislative Assembly will receive uniform information on matters relating to the quality of administration of public money for each entity of the Government of Saskatchewan so as to permit each entity to be held equally accountable.

The Standing Committee on Public Accounts also reviews the government's quality of administration of public money. In its review it considers the Provincial Auditor's report, the Public Accounts and other documents and hears the testimony of officials of the government appearing before the Committee. From the information presented to the Committee and from its hearings the Committee submits a report, with recommendations, to the Legislative Assembly. This report, with recommendations, is normally concurred in by a motion of the Legislative Assembly.

Introduction

In order for the process of accountability to work effectively it is important that the government act upon the recommendations of the Members of the Legislative Assembly. I report that for the period 1973 to 1983 all but one of the Committee's recommendations have or are being acted upon. The recommendation not acted upon is the 1980 recommendation requiring the Department of Revenue and Financial Services to review its procedures to ensure that there is a balance between the number of detailed field audits on the one hand and the cost of the audits on the other hand so that an effective check is in place on the assessment of taxes by that Department.

1.2 Cost to Discharge the Legislative Assembly's Audit Requirements

The costs to discharge the audit requirements of the Legislative Assembly are for the most part paid from the appropriation for the Provincial Auditor out of the Consolidated Fund and, therefore, are controlled by the Legislative Assembly. However, in some instances, these costs are paid directly by an agency of the crown and do not appear as an expenditure from the Consolidated Fund and therefore are not controlled by the Legislative Assembly. The costs which do not appear as expenditures from the Consolidated Fund are the audit fees paid directly, by agencies of the crown, to private sector auditors even though these private sector auditors are working for the Legislative Assembly to assist the Legislative Assembly in holding the executive government accountable for the quality of administration of public funds. In order that the total cost of discharging the audit requirements of the Legislative Assembly are reported, I have assembled the audit costs which do not appear as expenditures of the Consolidated Fund.

The following schedule sets out the total costs to discharge the Legislative Assembly's audit requirements segregated between those costs paid from the Consolidated Fund and those costs paid directly by crown agencies which are not charged to the Consolidated Fund. In addition, the schedule sets out the appropriation for the Provincial Auditor for the 1985 fiscal year and my estimate of the required appropriation for the expenditures of my office to discharge the Legislative Assembly's audit requirements for the 1986 fiscal year.

Report of the Provincial Auditor 1983/1984

	Actual		Projected	
	1983	1984	1985	My Estimate 1986
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
Salaries				
Other	\$2,669,041	\$2,752,130	\$2,714,230	\$2,648,467
	917,511	915,351	931,440	938,440
Total Charge to Consolidated Fund	3,586,552	3,667,481	3,645,670	3,586,907**
Charges not paid by Consolidated Fund				
Private Sector Auditors	672,413*	793,913*	Not Available	Not Available
Total Cost	\$4,258,965	\$4,461,394		

* Includes the same crown agencies in 1983 and 1984

** For 1986 I requested from Treasury Board \$3,759,707 which included \$172,800 of private sector auditor charges so that I might pay certain of these private sector auditors directly. I also advised Treasury Board that I would charge back this \$172,800 to crown agencies so that the net cost to the Consolidated Fund would not increase.

Results of Examinations

2.

RESULTS OF EXAMINATIONS

2.0 Introduction

In this section of my report, comments are made on the results of examinations pursuant to the provisions of The Provincial Auditor Act.

An audit examination pursuant to The Provincial Auditor Act includes:

- 1) tests and audit procedures to attest to financial statements prepared by management for the various organizations of the Government of Saskatchewan;
- 2) tests and audit procedures to evaluate the systems of internal control implemented by management to safeguard assets, ensure compliance with authorities and ensure reliability of accounting records for each of the various organizations of the Government of Saskatchewan;
- 3) tests and audit procedures not already carried out in 1) and 2) above to report on the other specific matters contained in Section 12 of The Provincial Auditor Act.

I am required to conduct an audit examination of the accounts of every organization of the government each year. A list of these organizations appears in Appendix II. The observations contained in this section of my report are the significant observations made in connection with the audits performed in the above described manner. These observations are initially reflected in management letters addressed to the Minister in Charge of the organization audited. If no management letter was issued, it is because nothing of significance was observed during the examination that would require the attention of the Minister in Charge of the organization audited.

The Provincial Auditor Act permits me to exercise discretion when reporting to the Legislative Assembly so that matters which are immaterial or insignificant need not be included in my annual report. This annual report contains all significant and material matters which are contained in management letters. Accordingly, I have not prepared a compendium of management letters for the Standing Committee on Public Accounts this year.

2.1 Crown Investments Corporation of Saskatchewan

- 1) In my 1979, 1982 and 1983 annual reports to the Legislative Assembly, I reported that while, in my opinion, the consolidated financial statements of the Crown Investments Corporation of Saskatchewan (CIC), which are tabled in the Legislature, provide useful financial information as to the overall operating results and the overall financial position with respect to the property administered by all of the consolidated crown corporations, consideration should be given to the tabling of additional financial statements for CIC which would provide to the Legislative Assembly the financial position, results of operations and changes in financial position with respect to the Corporation's property, per se, in order to assist the Legislative Assembly in holding the government accountable for the operation of this Crown corporation.

In addition, in my 1983 annual report I reported that CIC has a number of subsidiary companies. The financial statements of these subsidiary companies are not presently tabled in the Legislative Assembly. I recommended that the Standing Committee on Public Accounts review this matter as I was of the opinion that such information would be useful in order to assist the Assembly in holding the government accountable for the operations of these companies.

The Standing Committee on Public Accounts considered this matter during the Committee's 1984 deliberations and reported to the Assembly that the Committee agreed that additional financial documents recommended in my 1983 Annual Report for tabling in the Legislative Assembly would be useful to Members of the Legislative Assembly. The Legislative Assembly concurred in the Committee's report on June 1, 1984 and it is therefore anticipated that the government will act upon the Legislative Assembly's request for these financial documents and will table them in the Assembly.

- 2) Officials of the Corporation are responsible to administer the CIC 39562 Pension Fund. Officials of the Corporation have informally delegated investment responsibility to the Investment and Financial Services Branch of the Department of Finance. CIC officials had not retained sufficient control over investment decisions by making the investment delegation explicit or by requiring prior approvals for

Results of Examinations

certain types of investment transactions so as to ensure that the assets of the pension fund were administered within the regulations under The Pension Benefits Act. In addition, section 2.5 of this report contains the details of an investment of funds which may not be permitted.

2.2 Department of Advanced Education and Manpower

During the examination of the Department of Advanced Education and Manpower my representatives observed that:

- 1) The Department's records for the Saskatchewan Student Aid Fund had not be reconciled to the records of the bank for a period of eight months. Without regular and timely ledger reconciliations to the bank's records, errors in either the records of the Saskatchewan Student Aid Fund or in the records of the bank might exist and go undetected.

It was also observed that responsibility for the administration of the Saskatchewan Student Aid Fund is split among the Departments of Advanced Education and Manpower, Health and Revenue and Financial Services. This split of responsibility would require a communication system among these departments in order to ensure that all and only bonafide transactions are correctly recorded in the records of the Saskatchewan Student Aid Fund and that only bonafide payments are made from the Saskatchewan Student Aid Fund bank account. This communication system was not evident during the year. This deficiency coupled with the fact that bank reconciliations were not being completed resulted in the following errors in the records, which were discovered by my representatives:

- a) six payments totalling \$13,971 in respect of bursaries authorized by officials of the Department of Health had been made but not recorded in the accounts by officials of the Department of Advanced Education and Manpower;
- b) officials of the Department of Advanced Education and Manpower had incorrectly recorded an interest receipt of \$9,781 in the records twice;
- c) two payments totalling \$28,603 had been authorized to be paid out of the Saskatchewan Student Aid Fund bank account by officials of the Department of Revenue and Financial Services. These payments should have been made out of the Horned Cattle Trust Fund bank account.

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In my opinion, the rules and procedures applied were not sufficient to safeguard and control the public money of the Saskatchewan Student Aid Fund.

- 2) The procedures employed by the officials of the Kelsey Institute to determine an accurate inventory value for the Kelsey Institute Revolving Fund were not adequate. The result of these inadequate procedures was a material misstatement of financial position and results of operations in the financial statements for the Revolving Fund presented to my representatives for audit. The necessary adjustments were subsequently determined by my representatives and are included in the audited financial statements.
- 3) During the year a sum of \$50,000 was paid from the Kelsey Institute of Applied Arts and Sciences appropriation to the Revolving Fund. This was described in the Revolving Fund financial statements as "allowance for training costs" and is classified as "Scientific and Educational Supplies" in the detailed expenditures for the appropriation contained in Volume II of Public Accounts. However, as there appear to be no formal, established procedures to ascertain the total actual costs of such training activities for the cafeteria operations carried out by the Revolving Fund, this payment more closely resembles a subsidy than an allowance. As such, a separate departmental appropriation appears necessary in order that the department comply with the directives of Treasury Board which state:

"Effective April 1, 1983 any deficit which is in fact a subsidy and not a deficit due to business fluctuations must be subsidized by an item included in the department appropriation in the same year."

Accordingly, in my opinion, this payment of \$50,000 was made without apparent authority as there was not a specific appropriation for this subsidy.

2.3 Department of Agriculture

During the audit of the Department my representatives observed that:

- 1) A contract was signed on April 1, 1981 with a company whereby it was agreed that the Department of Agriculture would advance money for the right to reserve a portion of the production of the company. The company agreed to

Results of Examinations

repay the advances to the Department on or before each fiscal year end. The company filed an assignment in bankruptcy during 1982-83. By virtue of the agreement dated April 1, 1981 the department became a preferred creditor in the bankruptcy, and was entitled to collect all the funds available totalling approximately \$325,000. However, the department waived its preferred creditor status and decided to participate in distribution as an unsecured creditor with an anticipated recovery of approximately \$216,000.

In my opinion, the department failed to collect money belonging to the Crown in the sum of approximately \$109,000.

- 2) The procedures used by officials of the Department of Agriculture were not adequate to ensure that only farmers who are eligible, as set out in the eligibility criteria specified in the regulations issued under the authority of The Farm Purchase Program Act, receive interest rebates. This situation results because there is no verification by officials of the department of the information provided by the applicant.
- 3) A grant of \$381,244 was made to an association. This grant payment was without statutory authority as the Lieutenant Governor in Council had not authorized the payment as required by Section 9(2) of The Department of Agriculture Act.

2.4 Department of Culture and Recreation

During the examination of the Department, my representatives observed that the rules and procedures applied were not sufficient to ensure that grants paid by installments were appropriately authorized. A test of transactions disclosed that as a result of this deficiency, officials of the Department of Culture and Recreation neglected to obtain the required authority from the Lieutenant Governor in Council in at least seventeen instances for grant payments totalling \$267,050.

2.5 Department of Finance

- 1) The Canadian Institute of Chartered Accountants has recently published standards for disclosure for the general purpose summary financial statements prepared for the purpose of disclosing fully the revenues, expenditures and financial position of a government.

Report of the Provincial Auditor 1983/1984

Section 65 of The Department of Finance Act, 1983 requires the Minister of Finance to cause the Comptroller to prepare statements showing the revenues, expenditures and financial position of the Government of Saskatchewan and those statements are to be part of the public accounts. Section 65 also requires statements to show the state of the Consolidated Fund.

The main financial statements included in public accounts, as in prior years, are statements for the Consolidated Fund and the Saskatchewan Heritage Fund, which are prepared for the specific purpose of showing compliance with governing legislation, together with a financial statement adding these two statements together which shows the combined activities of these two funds. My auditor's report on the combined financial statements contains a warning to readers so that readers will be aware that these financial statements are not general purpose financial statements which show fully the revenues, expenditures and financial position of the Government of Saskatchewan.

I am advised by the Comptroller, Department of Revenue and Financial Services, that a study is underway on the most appropriate method to present financial statements that will fully disclose the revenues, expenditures and financial position of the Government of Saskatchewan in accordance with the recommendations of the Canadian Institute of Chartered Accountants.

- 2) Officials of the Department carry out investment transactions for most government agencies including the investment of trust funds such as pension funds. At times these investment transactions are made under authority delegated in statutes and at other times investment transactions are made under authority delegated by those who have the investment responsibility under legislation. As part of these investment duties, officials have responsibility to ensure that the investments made are permitted by the governing legislation of the agency or pension fund on whose behalf the investment is made.

During the examination my representatives observed the following investment transactions which do not appear to be investments permitted by the governing legislation:

- a) In June, 1983 officials of the Department of Finance recommended that officials responsible for the

Results of Examinations

administration of the Crown Investments Corporation 39562 Pension Fund, Municipal Employees' Superannuation Fund, Power Corporation Superannuation Fund, Saskatchewan Government Insurance Superannuation Fund, Saskatchewan Telecommunications Superannuation Fund, and Teachers' Superannuation Fund pay in trust, in aggregate, \$2.7 million, to a law firm. The purpose of the disbursement of funds was to acquire an undivided interest in leaseholds and real property, against which there were existing mortgages registered at the time of purchase, through the investment in a crown agency formed for the purpose of purchasing the properties. The crown agency is called SaskPen Properties Ltd. (SaskPen), and is beneficially owned by the pension funds. In return for the monies advanced the Pension Funds were to receive as consideration for their investment, common shares and fully participating 3% bonds, issued by SaskPen. Saskatchewan Telecommunications Superannuation Fund did not purchase common shares of SaskPen.

It is my opinion that the provisions of the governing authorities for these pension funds would not permit the pension funds to directly purchase these properties.

Since in my opinion the pension funds would not be permitted to purchase these properties directly, and since this investment has been made in shares and bonds of a company whose only assets are the same properties which would not be permitted as a direct purchase by the pension funds I recommend that, if this type of investment is to be allowed, the statutory authorities for the investment of pension funds be amended to specifically permit such investment.

My legal counsel has informed me that if the letter of the trustees obligation has not been adhered to for whatever reason he may be liable to his beneficiaries for any loss which occurs as a result.

- b) Subsection 60.2(11) of The Public Service Superannuation Act provides the statutory authority for the Minister of Finance to hold in trust the assets of Saskatchewan Transportation Company

Employees Superannuation Fund and, subject to the investment policy guidelines for the operation of pension funds established by the Investment Board, the Minister may invest any part of the moneys standing to the credit of the Fund in certain eligible investments. Subsection 60.2(9) outlines that:

"The Fund consists of:

- a) moneys paid or transferred to the fund pursuant to this section;
- b) any additional amounts paid with respect to the service of a corporation employee; and
- c) any interest or other revenue accruing from the investment of moneys in the fund."

During the year under review, the Fund together with The Public Employees (Government Contributory) Superannuation Fund acquired an interest in a certain real estate investment. The acquisition was of an interest in land, against which mortgage liabilities were secured, by an outlay of cash.

It is the view of my legal counsel that by acquiring an interest in land against which mortgage debts are secured, the fund has been increased in a way not authorized by the Act. Accordingly, in the opinion of my legal counsel, the Minister of Finance, as Trustee of the Fund, has exceeded his powers. Accordingly, I report that this investment of pension trust funds in real estate represents an investment made for which there was no authority.

2.6 Department of Highways and Transportation

- 1) My 1983 examination of accounting records and related internal control for the Department of Highways disclosed a lack of systems development controls over the introduction of a new Equipment Management Information System (EMIS) for the Highways Revolving Fund including the lack of appropriate user participation, the absence of project plans, schedules and phased approvals as well as inadequate system testing prior to implementation.

The former system was discontinued upon implementation of the EMIS system in January, 1983. The processing of data

Results of Examinations

under the new system was not designed with appropriate internal accounting controls or development of the necessary computer programs with resultant deficiencies in the production of accurate and complete information.

My 1984 examination of the accounting records and related internal controls disclosed that for the 1984 fiscal year accurate and complete financial records were still not maintained for the Highways Revolving Fund.

The results of this failure to maintain complete and accurate financial records were:

- a) the lack of financial information available resulted in a major portion of the billings not being processed until eleven months through the year. For this period, officials of the department had no information available for proper cost control or revenue assessment.
 - b) the lack of financial information available resulted in non-compliance with Treasury Board's requirement of submission of financial statements for each quarter of the year.
 - c) the preparation of the annual financial statements for the revolving fund was delayed.
- 2) In addition, during the examination, my representatives made the following observation regarding the revenue to be collected from personalized licence plates.

Regulations were amended by Order-in-Council 366/83 pursuant to The Automobile Accident Insurance Act. This amendment contained the provision that fees collected from the issuance of personalized licence plates "are to be paid or credited to the Highway Traffic Board for the purpose of reducing the shared cost of the motor vehicle licence and insurance delivery system".

However, an examination of the accounting records maintained at the Department of Highways and Transportation indicated that the department did not receive the fees collected from the issuance of personalized licence plates. Instead, the Department of Revenue and Financial Services received this revenue. Furthermore, only a portion of the total collected by Saskatchewan Government Insurance was remitted to the

Department of Revenue and Financial Services and deposited to the Consolidated Fund, the remainder apparently being withheld by Saskatchewan Government Insurance as an administrative cost offset. Of the \$244,410 collected, only \$174,374 was remitted.

The Appropriations Act contains an appropriation for a payment to Saskatchewan Government Insurance for the cost of administration of the motor vehicle and driver licensing system.

It is my opinion, that the gross revenue of \$244,410 should have been deposited in the Consolidated Fund and the administration costs should have been paid from the appropriation for that purpose in order that the information provided to the members of the Legislative Assembly in the Public Accounts for revenues and administration costs of motor vehicle and driver licensing be complete, accurate and in keeping with the statutory requirements governing the administration of this public money.

2.7 Department of Justice

During the examination of the Department, my representatives observed that:

- 1) The rules and procedures applied do not provide for the appropriate involvement of senior management at key points in the system to ensure that there is an effective check on the collection of the revenue generated at Land Titles Offices, Local Registrars and Sheriff's Offices. Accordingly, fraud or errors could go undetected by senior management for a significant period of time.

My representatives also observed that as a result of this deficiency, senior management was not aware that officials at one of the Land Titles Offices had under-remitted to the Consolidated Fund revenue they collected for a period of eleven months. The under-remittance amounted to \$638,232 which was subsequently paid over to the Consolidated Fund.

- 2) The Government of Saskatchewan and the Government of Canada executed an agreement for Provincial Police Services, December 14, 1981. Part of this agreement provides for the Government of Canada to recover costs from the Government of Saskatchewan for these police

Results of Examinations

services. In order to do so, the agreement has a requirement for the Commissioner of the Royal Canadian Mounted Police to provide the Minister of Justice for Saskatchewan with an annual statement of expenditure and revenue in connection with providing provincial police services.

In my management letter arising from the examination of the accounts of the Department of Justice for the 1982 year I advised officials of the Department that the annual statement submitted by the Government of Canada should be audited in order to ensure that the revenues and expenses presented in the annual statement are in accordance with the Provincial Police Services Agreement. The officials of the Department of Justice have contacted officials of the Government of Canada regarding the provision of an auditor's report on the annual financial statement of expenditures and revenues for provincial police services. The officials of the Federal Government have declined to provide the requested auditor's report.

In my opinion, without the above mentioned auditor's report, officials of the Department of Justice lack adequate assurance that payments made to the Government of Canada for costs incurred to provide provincial police services are in accordance with the Agreement.

- 3) The following losses to the Crown occurred because of an omission, mistake or misfeasance of employees of the Department of Justice:
 - a) Payments to 10 claimants out of the Land Titles Assurance Fund totalling \$60,281.
 - b) two payments out of the Court of Queen's Bench, Regina, Special Account totalling \$3,899.

2.8 Department of Northern Saskatchewan

- 1) Officials of the Department of Urban Affairs presented my representatives with financial statements for the Northern Administration District Trust Account and the Northern Revenue Sharing Trust Account which were prepared for the purpose of tabling in the Legislative Assembly. These statements were prepared using an inappropriate basis of accounting because they did not take into consideration legislative changes made under The Northern Municipalities Act.

These inadequacies were first communicated to the Department on June 11, 1984. Revised financial statements were received, which upon review, were determined to contain a number of presentation deficiencies which were communicated to the Department on October 26, 1984 with a request for the resolution of the inadequacies.

At the date of this report my examination of the accounts of these funds is not complete.

Accordingly, I am unable to comply with section 12 of The Provincial Auditor Act which requires me to report in my annual report any reservation of opinion in an audit report because I could not determine if reservations of opinion in my auditor's report on these financial statements would be necessary.

- 2) Subsection 291(3) of The Northern Municipalities Act outlines the authority for making payments to northern hamlets, which are established in accordance with section 6 of the Act. This subsection reads:

"291(3) where revenues are collected with respect to a northern hamlet or northern settlement and paid into the revenue sharing account, the minister shall:

- (a) in the year following their collection, pay the amount of those revenues to that northern hamlet;"

During the first three months of operations of The Northern Revenue Sharing Trust Account, payments were made to northern hamlets representing revenues collected as described in subsection 291(3) along with certain accumulated balances designated as being related to each of these communities as at September 30, 1983. Under the previous legislation, there was no requirement to account for the tax levies or community expenditures on a community by community basis, nor is there a transitional provision under the current legislation permitting such accumulated amounts to be considered as revenues of the specific communities. Further, the new legislation only provided authority to make payments in the year following their collection. Accordingly, all transfer payments made to hamlets during the three month period ending December 31, 1983 appear to have been made without adequate statutory authority.

Results of Examinations

2.9 Department of Parks and Renewable Resources

During the examination of the Department my representatives observed that:

- 1) The departmental official who is the sole signor of cheques transferring monies deposited in the field office bank accounts throughout the province is also responsible for reconciling the cash receipts to the number of licenses and permits sold.

These two functions are incompatible and thus the rules and procedures applied are not sufficient to safeguard this public money as they allow the possibility of misappropriation of money without ready detection.

- 2) The control exercised by the Legislative Assembly over the annual spending of the executive government, requiring that all expenditures of a department are to be paid out of money appropriated by the Legislature, in order to ensure all spending is subject to debate and vote, was circumvented.

This control was circumvented in cases where officials of the Department determined that an overpayment of a prior year's grant to a Regional Park Authority had been made and the overpayment was offset against the payment of the current year's grant and the grant was charged against the Department's appropriation at its net amount in the records of the Consolidated Fund.

The result of this procedure was to make available more funds than the Legislature authorized for Regional Park Authorities in a particular year.

In addition, this control is set out in Treasury Board Regulations which require that refunds of expenditures of past fiscal years be credited to revenue.

- 3) Officials of the Department authorized the payment out of Saskatchewan Wildlife Development Fund to the Saskatchewan Wildlife Federation in the amount of \$9,945 in excess of the agreement with the Wildlife Federation after the agreement had expired. Accordingly, in my opinion, that payment was not properly authorized.

2.10 Department of Revenue and Financial Services

During the examination of the Department's accounting records and the related systems of internal control my representatives observed that:

- 1) Officials of the Department had still not complied with the 1980 recommendation of the Standing Committee on Public Accounts that the procedures used in the Department be reviewed to ensure that there is a balance between the number of detailed field audits on the one hand and the costs of the audits on the other hand so that an effective check on the assessment of taxes is in place.
- 2) In many instances the minutes of the meetings of the Supervisory Board for the Public Employees' (Government Contributory) Superannuation Fund were unsigned. Without signed minutes there is no evidence to support the authenticity of decisions taken by the Board.
- 3) The Supervisory Board for the Public Employees' (Government Contributory) Superannuation Fund had informally delegated its investment responsibility to the Investment and Financial Services Branch of the Department of Finance. The Board had not retained sufficient control over investment decisions by making the investment delegation explicit or by requiring prior approvals for certain types of investment transactions so as to ensure that fund assets were administered in the manner intended by the Legislature. In addition, section 2.5 of this report contains details of the investment of funds which may not be permitted.
- 4) Financial statements for the year ended March 31, 1984 for the Public Employees (Government Contributory) Pension Fund and the Saskatchewan Transportation Company Pension Fund were prepared by officials of the Public Employees Benefit Agency for tabling in the Legislative Assembly and presented to my representatives for audit. On October 26, officials of the Department were advised that these draft financial statements did not appropriately disclose the financial transactions related to an investment in real estate and the officials were requested to advise as to whether or not they would be adjusting the financial statements to appropriately disclose this matter. At the date of this report, officials of the Department had not provided my representatives with the final financial statements. Accordingly, in the event a reservation of

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opinion on the financial statements finally presented for audit is necessary, I will not be able to comply with section 12 of The Provincial Auditor Act which requires me to give details in my annual report of any reservations of opinion made in an audit report.

- 5) The Public Employees Benefit Agency administers a dental plan, a disability income plan and a group life insurance plan for public employees. Part of the administration of these plans has been contracted out to external administrators. My examination of the accounting records and related systems of internal control disclosed the following deficiencies.

a) Dental Plan

- 1) The rules and procedures applied allowed the possibility of unauthorized payments. This situation is the result of i) the absence of appropriate records and control procedures to ensure that only dental claim forms approved by officials of the Agency are subsequently paid by the external administrator of the plan, ii) appropriate controls were not in place to ensure that dental claims were only paid at rates which were authorized by officials of the Agency.

In addition, my representatives were not able to examine dental claim forms to determine the accuracy of payments as the claim forms had been destroyed.

- 2) There were not adequate rules and procedures in place within the Agency to ensure that premiums were received for all eligible participants of the plan.
- 3) Accounting records that would permit the preparation of timely and accurate financial statements and permit the reconciliation of reports from the external plan administrator had not been maintained.
- 4) Financial statements were prepared by officials of the Department for the year ended December 31, 1983 for the Dental Plan Fund and presented to my representatives for audit. Due to the destruction of certain records and other

inadequacies in the accounting records and related systems of internal control, my representatives were unable to examine sufficient appropriate evidence to substantiate the accuracy of the financial information disclosed in the financial statements. Accordingly, I was unable to form an opinion as to whether or not these financial statements were presented fairly in accordance with generally accepted accounting principles.

These financial statements were submitted to Treasury Board for format approval on December 21, 1984. At the date of this report I have not issued a report on these financial statements as I am awaiting Treasury Board's decision as to whether or not these draft financial statements are the final financial statements to be tabled in the Legislative Assembly.

Accordingly, I am not able to comply with section 12 of The Provincial Auditor Act which requires details of any reservation of opinion made in an audit report to be provided in my annual report.

b) Disability Income Plan

- 1) The rules and procedures applied allowed the possibility of unauthorized payments. This situation is the result of i) the lack of procedures at the Agency to determine whether claimants were receiving benefits from other sources. These other benefits, if any, would serve to reduce the benefits payable under the disability income plan. ii) the investment policy approved by the Agency for the external plan administrator's use was not consistent with the investment policy established by the Investment Board. The Department of Finance Act established the Investment Board and made it responsible for all matters relating to investments made by the government. Further, the reports received from the external plan administrator regarding investments are not reviewed by officials of the Agency to ensure compliance with the investment policy authorized for use by the external plan administrator, iii)

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the absence of procedures to ensure that withdrawals from the disability income plan bank account by the external plan administrator are for bonafide claims and administration expenses, iv) the absence of formal accounting records to reconcile to reports received from the external plan administrator to ensure that only transactions authorized by Agency officials are processed by the external plan administrator.

- 2) There was a lack of documentary evidence that there was an appropriate segregation of duties over investment authorization, custody of assets and the accounting records to ensure that all investments by the external plan administrator are accurately and completely reported to the Agency. Accordingly, there was insufficient documentary evidence as to the existence of the external plan administrator's reported investments.
- 3) The rules and procedures applied allowed the possibility that investment income may be earned and not received without ready detection by officials of the Agency. This situation results from the lack of adequate review procedures over investment reports received from the external plan administrator and the lack of sufficient documentary evidence as to the completeness and accuracy of the reports received from the external plan administrator.
- 4) The rules and procedures applied were not sufficient to permit the preparation of timely and accurate financial statements.

At the date of this report I have not received financial statements from officials of the Department. Accordingly, in the event a reservation of opinion on the financial statements is necessary, I am unable to comply with section 12 of The Provincial Auditor Act which requires that details be provided in my annual report of any reservation of opinion in an audit report.

c) Group Life Insurance Plan

- 1) The rules and procedures applied allow the possibility of unauthorized payments. This situation is the result of i) the absence of appropriate records and control procedures to ensure that only transactions authorized by officials of the Agency were processed by the external plan administrator, and ii) the investment policy approved by the Agency for the external plan administrator's use was not consistent with the investment policy established by the Investment Board. The Department of Finance Act established the Investment Board and made it responsible for all matters relating to investments made by the government. Further, the reports received from the external plan administrator regarding investments were not reviewed by Agency officials to ensure compliance with the investment policy authorized for the use by the external plan administrator.
- 2) The rules and procedures applied allowed the possibility that investment income may be earned and not received without ready detection by officials of the Agency. This situation results from i) the lack of a review of the external plan administrator's investment transactions to ensure that all investment income which had been earned was received, ii) the lack of documentary evidence that there was an appropriate segregation of duties over investment authorization, custody of investments and the accounting records for investments to ensure that all investments were accurately and completely reported to the Agency. Accordingly, there is insufficient documentary evidence as to the existence of the external plan administrator's reported investments.
- 3) The rules and procedures applied were not sufficient to permit the preparation of timely and accurate financial statements.

At the date of this report I have not received financial statements from officials of the

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Department. Accordingly, in the event a reservation of opinion on the financial statements is necessary, I am unable to comply with section 12 of The Provincial Auditor Act which requires that details be provided in my annual report of any reservation of opinion in an audit report.

2.11 Department of Rural Development

During the examination of the accounting records and related systems of internal control, my representatives observed that:

- 1) Grant payments were made to Municipalities pursuant to the Department's Policy Manual which stated that conditional grants for construction projects are 100% payable when construction work is shut down at the close of the construction season.

However, the Rural Municipalities Revenue Sharing Regulations state that if a project is not completed payments not to exceed 80% of the total of any grant payable can be paid.

Accordingly, grant payments were made to municipalities in contravention of the Regulations.

- 2) Officials of the Municipal Employees Superannuation Commission had not implemented appropriate systems nor maintained appropriate accounting records for the Municipal Employees Superannuation Fund to determine the financial position and results of its annuity underwriting activities and the results of paying allowances under the new plan including a comparison of new plan assets to obligations to pay new plan members.

In the absence of such systems and accounting records officials of the Commission do not have sufficient information to prepare financial statements in accordance with appropriate accounting principles.

Officials of the Commission prepared financial statements for the year ended December 31, 1983 and presented them to my representatives for audit. My representatives examined these financial statements and formed the opinion that the financial statements presented for audit did not present fairly the financial position, results of operations and

changes in financial position of the Municipal Employees Superannuation Fund. On June 14, 1984, at the request of the Commission, these financial statements were submitted to the Comptroller, Department of Revenue and Financial Services to obtain Treasury Board approval for the format of these financial statements. On September 14, 1984, the Comptroller wrote to officials of the Commission and advised them to prepare appropriate financial statements and submit these revised financial statements to my office for audit.

On October 18, 1984, I received revised financial statements from officials of the Commission with their request that I audit the revised financial statements. On October 25, 1984, I wrote to the Chairman of Treasury Board requesting additional financial resources to audit the revised financial statements as the resources I had available to audit the Municipal Employees Superannuation Fund were fully consumed when I examined and reported upon the financial statements submitted to the Comptroller on June 14, 1984.

On November 22, 1984 I received an advice from the Secretary of Treasury Board that financial resources would be made available and I have proceeded to examine the revised financial statements. As at the date of this report my examination of these revised financial statements is not complete. Accordingly, should it be necessary to express a reservation in my auditor's report on the revised financial statements I will be unable to comply with section 12 of The Provincial Auditor Act which requires me to include in my annual report details of any reservation of opinion in an audit report.

- 3) Officials of the Commission calculate the pension entitlement for retiring members of the Municipal Employees Superannuation Plan in accordance with the provisions of The Municipal Employees Superannuation Act and in some instances calculate an additional pension entitlement pursuant to The Pension Benefits Act.

My legal counsel has advised me that The Pension Benefits Act has no application to the pension allowances which should be paid to retiring members of the Municipal Employees Superannuation Plan.

Therefore, in my opinion, all pension payments to retired members which include additional allowances pursuant to The Pension Benefits Act are payments without authority.

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2.12 Department of Social Services

During the examination of the Department my representatives observed that the rules and procedures applied by officials of the Department, prior to payment of social assistance, were not sufficient to ensure that only bonafide recipients receive only authorized payments. Nor were the subsequent procedures applied by officials of the Department's post audit function sufficient to determine the amount of incorrect payments that were made to persons receiving social assistance.

The nature of social assistance payments makes it difficult to have an ideal system of rules and procedures in place to ensure that, before a payment is made, only bonafide recipients receive only authorized payments, while being responsive to the needs of the recipients. In order to achieve prompt payments and ensure only bonafide recipients receive only authorized payments, the Department must conduct both pre-audit and post-audit verifications.

Pre-audit involves the verification of information provided by the clients of the Department prior to making payments. During the year under review, the Department performed only a limited number of pre-audit reviews.

Post-audit involves the verification of present circumstances of the clients of the Department already in receipt of social assistance payments. My representatives requested reports of such post-audit reviews conducted and were informed that there were insufficient numbers of post-audit reviews during the year to estimate the amount of incorrect payments and therefore the department did not issue any reports.

Without information as to the amount of incorrect payments, insufficient information is available for senior management to determine when the level of incorrect payments is so significant that the rules and procedures should be changed.

2.13 Department of Supply and Services

The audit of the accounting records and related internal control systems of the Department disclosed that officials of the Department had not implemented appropriate internal control systems to provide an effective check on the assessment and collection of the revenue belonging to the Office Services Revolving Fund.

More specifically my representatives observed the following deficiencies in the internal control system:

- 1) It was noted that no system was in place to ensure that photocopier users were billed for all of the photocopies that they had used.
- 2) There was no system in place to ensure that all survey and mapping services provided to customers were invoiced and that the invoices prepared were accurate and properly recorded in the accounts. As well, there were inadequate controls over cash receipts to ensure that all payments received were deposited and properly recorded in the accounts.

2.14 Department of Urban Affairs

During the examination of the Department's accounting records and related systems of internal control, my representatives observed that officials of the Department responsible for the Emergency Measures Organization, Summer Student Employee Program had failed to comply with the terms of an agreement with the Government of Canada regarding the placement of the details of employment opportunities available under the program with Canada Manpower Offices.

The result of this non-compliance with the agreement is that costs incurred under this program are not recoverable from the Government of Canada. The sum of \$95,442 has been determined to be the amount which was not recoverable because of the failure to comply with the terms of the agreement with the Government of Canada.

2.15 Potash Corporation of Saskatchewan

During the examination of the Corporation's accounting records and related systems of internal control, it was observed that:

- 1) The rules and procedures applied by officials of the Corporation over disbursements at certain locations were not sufficient to prevent or detect error or fraud.

This situation results because accounting personnel at certain locations have access to signed cheques and accounting records and there is no subsequent comparison of paid cheques to the cheque register. Accordingly, cheques could be altered without ready detection.

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- 2) The rules and procedures applied by officials of the Corporation over certain receipts were not sufficient to prevent or detect error or fraud.

This situation results from credit department personnel responsible for follow-up on customer account balances also having access to customer cheques in payment of their accounts. Accordingly, customer cheques could be misappropriated without ready detection.

2.16 Prairie Agricultural Machinery Institute

During the examination my representatives made the following observation regarding the fee for service revenue earned by the Institute. Fee for service revenue is earned by performing contracted development work at each of the Institute's three station locations: Humboldt, Saskatchewan; Portage La Prairie, Manitoba and Lethbridge, Alberta. Officials of the Lethbridge station do not follow the Institute's prescribed procedures for fee for service revenue. Head office management, therefore, does not know whether all revenue which was earned at the Lethbridge station has been properly billed and collected. In addition, since the revenue is not recorded in the accounts of the Institute until the monies are collected, it is possible that the revenue could be recorded in the incorrect accounting period resulting in incorrect financial statements and reports.

Accordingly, in my opinion, the rules and procedures applied by officials of the Institute were not sufficient to provide an effective check on the billing and collection of this public money nor were the rules and procedures applied sufficient to ensure that essential records were maintained that would permit the preparation of accurate financial statements.

2.17 Saskatchewan Computer Utility Corporation

During the examination, my representatives observed that:

- 1) Segregation of incompatible functions was not adequate for disbursements from the Corporation's bank account with the result that funds could be misappropriated without ready detection.

This situation is the result of one person being permitted to update accounting records thereby authorizing the payment of accounts and to receive the cheques after they are signed.

- 2) The rules and procedures applied were not sufficient to ensure that only authorized transactions were entered into the accounting records and computer programs. This weakness also allows the possibility of billing errors and the inability to process data.

This situation is the result of there being no system to ensure that only authorized journal vouchers are entered into the records and there being no requirement for the prior approval of a second official for any changes made to the computerized billing system.

2.18 Saskatchewan Development Fund Corporation

During the course of the examination of the Corporation and the Fund, my representatives observed that there was an inadequate segregation of duties due to the small number of employees and management had not become sufficiently involved in the day to day operations of the Corporation to compensate for this lack of segregation of duties.

This weakness in the system of internal control could result in errors or fraud without ready detection.

2.19 Saskatchewan Forest Products Corporation

The examination of the accounting records and related systems of internal control of the Corporation disclosed that:

- 1) The Corporation's officials did not have an accounting procedure to ensure that all product shipped was invoiced.
- 2) The rules and procedures applied were not adequate to prevent or detect unauthorized data from being entered into the accounting records of the Corporation.
- 3) The procedures employed to determine an accurate inventory value for the Corporation's treatment plant were not adequate. The lack of an adequate inventory system can result in inaccurate monthly financial statements being produced. If inaccurate financial statements are used for decision making, incorrect decisions might be taken resulting in losses to the Corporation.
- 4) The policy and procedure manuals were incomplete and not current and there was no formal method of documenting changes to policies, procedures or delegation of responsibility.

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Lack of documentation of policies and procedures increases the risk of breakdowns in the systems of internal control with the result that the risk to the Corporation of losses due to fraud or error is increased.

2.20 Saskatchewan Government Insurance

During the examination of the accounts of the Saskatchewan Government Insurance Superannuation Fund my representatives observed that an investment was made which may not be permitted by the regulations under The Pension Benefits Act. Section 2.5 of this report contains the details concerning this investment.

2.21 Saskatchewan Government Printing Company

During the examination of the Company's accounting records and related systems of internal control, my representatives observed that supplier invoices were not always checked for mathematical accuracy and that, for disbursements to major suppliers, supporting invoices were not provided to the cheque signor at the time of payment. Therefore, in my opinion, the rules and procedures applied by officials of the Company were not sufficient to ensure that suppliers are paid only for goods received and in the correct amount.

2.22 Saskatchewan Pork Producers Marketing Board

During the examination of the accounting records and related systems of internal control for the Saskatchewan Hog Assured Returns Program, which is administered by officials of the Saskatchewan Pork Producers Marketing Board, it was observed that the rules and procedures applied for disbursements did not adequately segregate incompatible duties with the result that unauthorized payments could be made without ready detection.

This situation was the result of one person having custody of cheque signing plates and blank cheques. This person also maintained the accounting records and prepared the monthly bank reconciliation.

2.23 Saskatchewan Housing Corporation

During the examination of the Corporation's records and related systems of internal control, my representatives observed that:

- 1) There was no evidence in the minutes of the Corporation that the Board of Directors, who are responsible for the Corporation's affairs, received or reviewed periodic financial reports for the Corporation's housing, land development, lending and grant programs.

The lack of periodic review of financial reports by the Board of Directors could result in officials of the Corporation spending funds in a manner and for purposes that were not authorized in the annual operating and capital budgets, previously approved by the Board of Directors and Treasury Board, without the detection of such instances by the Board.

- 2) Program authorization is not always obtained from the Board of Directors prior to program implementation. Further, with respect to certain programs introduced during 1982, there was no evidence in the minutes of the Corporation that the loan, grant and subsidy programs implemented during 1982 were subsequently approved by the Board. In my opinion, decisions by management of the Corporation on the implementation of programs without reference to the Board of Directors do not constitute appropriately authorized actions of the Corporation.

Further, the Corporation's procedures have not ensured compliance with the upper limit of financial assistance and the eligibility criteria imposed by the regulations issued for Saskatchewan Family Home Purchase and the Residential Rehabilitation Programs. It was also observed that regulations were not established which would provide direction in the administration of other Corporation programs.

In my view, by virtue of the regulation making powers provided for in Sections 14, 15 and 16 of The Saskatchewan Housing Corporation Act, the Legislature intended that the Executive Council exercise control over the eligibility criteria governing the grant programs administered by the Corporation, appropriations for which totalled \$26.9 million in the 1983-84 fiscal year. In addition, if a uniform practice of issuing regulations for new programs and for changes in program criteria is not in force, it is possible for the Corporation to implement changes in program criteria without Cabinet approval. Further, if regulations are not issued, the Special Committee on Regulations of the Legislative Assembly will not be afforded the opportunity to examine the specific program

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criteria to ensure its conformity with the objects and powers of the Corporation. For these reasons I am concerned that regulations have not been maintained in a current condition and that corporate officials propose the repeal of the majority of the regulations governing existing programs without substituting therefor revised regulations.

- 3) Saskatchewan Housing Corporation received \$1,250,000 in 1982 and a further \$1,250,000 in 1983 from the Consolidated Fund which was applied against the construction cost of an apartment building. The amounts paid to the Corporation were charged against the Low Rental Housing Subsidies subvote of the Department of Urban Affairs. Amounts paid from the Consolidated Fund and charged to this subvote are normally applied by the Corporation toward annual operating subsidies on behalf of tenants of public housing projects. The \$2.5 million in question has been treated by the Corporation in the nature of a capital grant for construction of a non-profit rental housing project.

The application of the amount provided is at variance with the usual application of funds charged to the Low Rental Housing Subsidies subvote. In my opinion, a new subvote should have been established as a Department of Urban Affairs appropriation, against which this payment and any similar payments to the Corporation, to be applied against project construction costs, would be charged.

Accordingly, in my opinion, the appropriation described above was applied in a manner not authorized by the Legislature.

This matter was also reported in my 1983 annual report.

- 4) The operating grants to be provided to the Corporation, as disclosed in the annual estimates of the Department of Urban Affairs, have traditionally been determined based on an amount required to cover the Corporation's net administration costs. However, due to the Corporation's ability to earn interest recoveries from its capital financing activities, the requirements for funding of the operations of the Corporation have been significantly less than the level of operating grants provided, thereby enabling the Corporation to accumulate an operating surplus of \$18.7 million as at December 31, 1983. The Corporation has applied certain amounts against this accumulated operating surplus which do not receive the

same level of scrutiny and consideration in the budgetary process as they would if specifically voted upon through the creation of separate subvotes. Amounts absorbed include non-profit housing deficits, capital cost overruns and provisions for losses.

In my opinion, appropriate information is not provided to the Legislative Assembly unless the operating grants to be voted to the Corporation reflect the Corporation's true operating requirements. When the Corporation funds other activities which have not been specifically voted upon, but are made possible due to excess funding provided through the operating grant, the Legislative Assembly is not afforded the opportunity to debate and vote the necessary funds for these activities.

2.24 Saskatchewan Liquor Board

During the examination of the Board's accounting records and related systems of internal control, my representatives observed that the Saskatchewan Brewers Association, from March 1, 1983, has been selling beer and malt liquor to licensees, to special liquor vendors and to holders of community event permits. Section 37.1 of the Liquor Act reads as follows:

"(1) Subject to the other provisions of this Act and the Regulations, the Lieutenant Governor in Council may authorize the board to enter into a contract authorizing the Saskatchewan Brewers Association Limited to sell or deliver beer and malt liquor to a person licensed under The Liquor Licensing Act to operate a liquor outlet, a special liquor vendor appointed pursuant to this Act or a holder of a community event permit issued pursuant to this Act.

(2) Upon the granting of an authorization in accordance with subsection (1), the Saskatchewan Brewers Association limited shall sell or deliver beer and malt liquor only in accordance with this Act and the regulations and the standards prescribed by the board."

To March 31, 1984, a contract as required by section 37.1 of The Liquor Act had not been signed between the Liquor Board and the Saskatchewan Brewers Association. Therefore, the sale of beer and malt liquor by the Saskatchewan Brewers Association was not authorized in accordance with The Liquor Act.

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2.25 Saskatchewan Power Corporation

- 1) During the examination of the accounting records and related system of internal control, it was observed that the rules and procedures applied by officials of the Corporation were not sufficient to prevent or detect incorrect disbursements on behalf of the Corporation's wholly owned subsidiary, Many Islands Pipelines (Canada) Ltd. This situation results because officials responsible for signing cheques did not ensure that proper support was attached to payment vouchers and supplier invoices were not being verified for accuracy, prior to payment.
- 2) Corporation officials had formally delegated investment responsibility for the Power Corporation Superannuation Fund assets to officials of the Investment and Financial Services Branch of the Department of Finance. Corporation officials, however, had not retained sufficient control over investment decisions by requiring prior approvals for certain types of investment transactions so as to ensure that the fund's assets were appropriately administered in the manner intended by the Legislature. In addition, section 2.5 of this report contains the details of an investment of funds which may not be a permitted investment.

2.26 Saskatchewan Research Council

During the examination of the Council my representatives observed that:

- 1) One employee was responsible for preparing bank deposits for money received at the Council, preparing monthly bank reconciliations, preparing invoices to customers, maintaining the accounts receivable records and preparing disbursement cheques. The concentration of these incompatible duties with one individual allows the possibility of errors or fraud which would not be readily detected.
- 2) Pursuant to Section 41 of The Department of Finance Act, 1983, the Minister of Finance had authorized the Saskatchewan Research Council to establish a line of credit in an amount of up to 75% of accounts receivable (not to include the grant from the Consolidated Fund of the Province of Saskatchewan), to a maximum of \$500,000.

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It was observed that this maximum had been exceeded and as at March 31, 1984, the balance of the bank overdraft was \$955,176.

Accordingly, in my opinion, the debt incurred in excess of \$500,000 was incurred without authority.

- 3) During the 1983/84 year, only one council meeting was held, on January 19, 1984.

Section 7 of The Research Council Act states:

"The Council shall meet at such times and places as the Chairman may appoint, but not less than three times in each year."

Accordingly, this section of the Act has not been complied with during the 1983/84 year.

2.27 Saskatchewan Sheep and Wool Marketing Commission

During the audit of the Commission my representatives observed that Marketing Order 22/83, issued by the Saskatchewan Sheep and Wool Marketing Commission pursuant to the provisions of the Saskatchewan Sheep and Wool Marketing Plan and The Natural Products Marketing Act, requires every livestock dealer, processor and sheep association to be liable to the Commission for the collection, remittance and accounting for sheep and lamb check-off fees. The Commission, however, does not have a system to ensure compliance with Marketing Order 22/83 and therefore cannot ensure that check-off fees are collected by all livestock dealers, processors and sheep associations and that all check-off fees collected are subsequently remitted to the Commission.

2.28 Saskatchewan Telecommunications

During the examination of the accounts of the Saskatchewan Telecommunications Superannuation Fund my representatives observed that an investment was made which may not be permitted by the authorities governing the pension fund. Section 2.5 of this report contains the details concerning this investment.

2.29 Saskatchewan Transportation Company

During the examination of the Company's accounting records and related systems of internal control, my representatives observed that necessary procedures had not been established to

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ensure that final construction holdback payments were withheld for the statutory time period under The Mechanics' Lien Act.

This deficiency in the system of internal control resulted in a loss to the Company because the sum of \$209,000 due under the contract was paid twice.

2.30 Teachers' Superannuation Commission

In my annual report for the year ended March 31, 1983, I reported that the examination of the accounting records and related internal control for the Commission disclosed that officials of the Commission had not implemented appropriate system development controls such as system and programming standards, appropriate user participation, adequate system testing and control over conversion and implementation of the new system.

The old accounting system was discontinued on July 1, 1981 without a new accounting system becoming operative. An appropriate system was still not operational for the Commission's 1983 year. Accordingly, in my opinion, the Commission has failed to maintain essential records since July 1, 1981.

2.31 Western Development Museum

During the audit of the Museum my representatives observed that there was no system to ensure that all donations and Government of Canada grants were recorded. In my opinion, the rules and procedures applied were not sufficient to effectively check the assessment and collection of this public money. This matter was also reported in my 1983 annual report to the Legislative Assembly.

Pursuant to section 12 of The Provincial Auditor Act, I also report that my auditor's report on the financial statements of the Museum contained a reservation of opinion due to the above mentioned inadequacies in internal control.

My auditor's report reads as follows:

"I have examined the balance sheet of The Western Development Museum Fund as at March 31, 1984, and the statement of revenue and expenditure and fund equity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered

necessary in the circumstances, except for donations and grants from the Government of Canada where my examination was limited to the verification of amounts recorded in the accounts.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself as to the completeness of donations and grants from the Government of Canada, these financial statements present fairly the financial position of the Western Development Museum Fund as at March 31, 1984, and the results of its operations and the changes in its fund equities for the year then ended, in accordance with accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year."

My report advises the reader of the financial statements that I was unable to form an opinion as to the completeness of donations and Government of Canada grant revenue and that the financial statements would require adjustment if the amounts recorded are not complete.

2.32 Workers' Compensation Board

- 1) The examination of the Board's accounting records and related internal control included a review of the computer systems and computer environment controls necessary to ensure that all data processed is complete, accurate and authorized and once processed is adequately safeguarded from accidental or malicious manipulation, unauthorized disclosure or unauthorized destruction.

The examination disclosed that the rules and procedures applied were not sufficient to prevent or detect unauthorized payments due to the absence of appropriate balancing routines. In addition, the environment controls to protect the data stored in the computer were not sufficient to adequately protect the data from unauthorized access and therefore allowed the possibility of unauthorized manipulation, disclosure and destruction of the data stored in the computer.

3.

OTHER MATTERS

3.1 Overcommitments of Appropriations

Section 31(1) of The Department of Finance Act, 1983 states:

"In a fiscal year, no department, board, commission or other agent of the Government of Saskatchewan shall incur any liability in that fiscal year greater than the unencumbered balance in its appropriation for that year."

The schedule of budgetary expenditure for the Consolidated Fund (Pages C15 - C40 of Public Accounts) indicates that certain overcommitments occurred as a result of accounts payable exceeding the unexpended balance of the relevant appropriations. Overcommitments occurred in three appropriations of the Consolidated Fund in 1983/84 totalling \$543,236. In 1982/83 overcommitments in four appropriations totalled \$1,799,256.

The schedule of budgetary expenditure for the Saskatchewan Heritage Fund (Pages C42 - C44 of Public Accounts) indicates that overcommitments occurred in one appropriation totalling \$16,956,286. In 1982/83 overcommitments in three appropriations totalled \$6,135,687.

3.2 Special Warrants

The money necessary to operate the government is provided annually through Appropriation Acts. This money is provided after estimates are debated and voted by the Legislative Assembly.

The Legislature, by The Department of Finance Act, 1983, allows the government to spend money without an Appropriation Act by means of a special warrant. However, the Legislature has restricted this form of spending to expenditures not foreseen or provided for or insufficiently provided for, when the Legislative Assembly is not in session. The government is required to include special warrants as part of the next ensuing Appropriation Act.

As a further control over special warrants, the Provincial Auditor is required to report to the Legislative Assembly any

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special warrant which authorized the payment of public money.

I report that no expenditure was made under the authority of a special warrant in the 1984 fiscal year which was not included in the next ensuing Appropriation Act.

Appendix

APPENDIX I

The Provincial Auditor Act,
Chapter P-30.01, 1983

SHORT TITLE AND INTERPRETATION

1. This Act may be cited as The Provincial Auditor Act.
2. In this Act:

(a) "acting provincial auditor" means the acting provincial auditor appointed pursuant to section 5;

(b) "audit" means an audit or examination of accounts of public money that may be made by the provincial auditor pursuant to this Act;

(c) "Crown" means Her Majesty the Queen in right of Saskatchewan;

(d) "Crown agency" means an association, board, commission, corporation, council, foundation, institution, organization or other body, whether incorporated or unincorporated, all the members of which or all of the board of management or board of directors of which:

(i) are appointed by an Act or by the Lieutenant Governor in Council; or

(ii) are, in the discharge of their duties, public officers or servants of the Crown;

and includes a corporation that has at least 90% of its issued and outstanding voting shares vested in the Crown;

(e) "Crown-controlled corporation" means a corporation that is not a Crown agency and that has less than 90% and more than 50% of its issued and outstanding voting shares vested in the Crown;

(f) "fiscal year" means the period commencing on April 1 in one year and ending on March 31 in the next year;

(g) "provincial auditor" means the Provincial Auditor for Saskatchewan appointed pursuant to section 3;

(h) "public money" means all revenues and public moneys

from whatever source arising, whether the revenues and moneys:

(i) belong to the Government of Saskatchewan; or

(ii) are collected or held by officers of the departments of the Government of Saskatchewan or Crown agencies for, on account of or in trust for the Government of Canada or the government of any other province or for any other party or person;

and includes public property;

(i) "public property" means property held or administered by the Crown.

APPOINTMENT AND OFFICE

3.(1) After consultation with the Chairman of the Standing Committee of the Legislative Assembly on Public Accounts, the Lieutenant Governor in Council shall appoint a person as the Provincial Auditor for Saskatchewan.

(2) The provincial auditor is an officer of the Legislative Assembly and holds office during good behaviour.

(3) For the purposes of The Saskatchewan Telecommunications Act, the provincial auditor is the auditor of utilities.

(4) The provincial auditor may resign his office at any time by forwarding a written notice addressed to:

(a) the Speaker; or

(b) where there is no Speaker or the Speaker is absent from Saskatchewan, the President of the Executive Council.

(5) The Lieutenant Governor in Council may suspend or remove the provincial auditor from office only for cause and on the address of the Legislative Assembly.

4.(1) Subject to subsection (2), the provincial auditor is to be paid a salary equal to the average salary of all the deputy ministers and acting deputy ministers of the Government of Saskatchewan calculated as at April 1 in each year.

(2) Where, as a result of a calculation made pursuant to subsection (1), the provincial auditor's salary would be less

Appendix

than his previous salary, he is to be paid not less than his previous salary.

(3) The provincial auditor is entitled to receive any privileges of office and economic adjustments that are provided to deputy ministers.

(4) The provincial auditor's salary is a charge on the consolidated fund.

5.(1) The provincial auditor may appoint an employee of his office as acting provincial auditor.

(2) Where the position of provincial auditor is vacant and there is no acting provincial auditor, the Lieutenant Governor in Council may appoint a person as acting provincial auditor who is to hold office until an acting provincial auditor is appointed pursuant to subsection (1).

(3) Where the position of provincial auditor is vacant or the provincial auditor is absent or unable to perform his duties due to illness or other disability, the acting provincial auditor has all the powers and shall exercise all the duties of the provincial auditor.

6. No person is eligible to be appointed as provincial auditor or as acting provincial auditor unless he is a member in good standing of the Institute of Chartered Accountants of Saskatchewan.

7. For the purposes of exercising any of the powers or carrying out any of the duties imposed upon him by this Act, the provincial auditor may engage the services of or retain any technical, professional or other advisors, specialists or consultants that he considers necessary.

8.(1) The provincial auditor may employ any persons that he considers necessary to assist him in carrying out his duties and fulfilling his responsibilities under this Act.

(2) Employees of the office of the provincial auditor are employees of the Legislative Assembly and are not members of the public service of Saskatchewan.

(3) The disability income plan, the public employees dental plan and the group insurance plan applicable to the public servants of Saskatchewan and any plan introduced to replace or substitute for those plans apply or continue to apply, as the

case may be, to the provincial auditor and the employees of the office of the provincial auditor.

(4) The Public Service Superannuation Act and The Superannuation (Supplementary Provisions) Act apply to the provincial auditor and the permanent and full-time employees of the office of the provincial auditor, and all credits in any superannuation plan or fund established pursuant to those Acts for the provincial auditor and the employees of the office of the provincial auditor and accumulated under those Acts, prior to the coming into force of this section, are preserved and continued in accordance with those Acts.

(5) The provincial auditor shall administer, manage and control the office of the provincial auditor and the general business of the office and shall oversee and direct the staff of the office.

9. The provincial auditor shall require every person employed in his office who is to examine the accounts of a department of the Government of Saskatchewan, Crown agency or Crown-controlled corporation pursuant to this Act to comply with any security requirements applicable to, and to take any oath of secrecy required to be taken by, persons employed in that department, Crown agency or Crown-controlled corporation.

10. The provincial auditor may delegate to any member of his office the authority to exercise any power or to perform any duty conferred on him pursuant to this Act, other than the duty to make his annual report or a special report to the Legislative Assembly.

DUTIES AND POWERS

11.(1) The provincial auditor shall examine or cause to be examined, in any manner that he considers necessary to enable him to report as required in this Act, all accounts related to public money and accounts not related to public money that he is required by an Act to examine and shall determine whether in his opinion:

(a) the accounts have been faithfully and properly kept;

(b) all public money has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;

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(c) public money expended has been applied to the purposes for which it was appropriated by the Legislature and the expenditures have adequate statutory authority; and

(d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money.

(2) Notwithstanding any other Act, where the Lieutenant Governor in Council or Treasury Board appoints, pursuant to a statutory authority, another auditor to examine and report on the financial statements of a Crown agency, that auditor shall perform the audit according to an audit plan that:

(a) he has prepared; and

(b) includes any procedures that the provincial auditor considers necessary to allow the provincial auditor to fulfill his responsibilities under this Act.

(3) As soon as possible after another auditor described in subsection (2) has completed his audit or examination of a Crown agency, the provincial auditor shall provide that other auditor with an acknowledgement that the procedures performed are sufficient or are not sufficient for the provincial auditor to fulfill his responsibilities under this Act.

(4) The provincial auditor has the right to obtain from departments of the Government of Saskatchewan, Crown agencies and Crown-controlled corporations and their auditors any information or report that is, in his opinion, necessary to enable him to fulfill his responsibilities under this Act, and the departments, Crown agencies and Crown-controlled corporations and their auditors shall provide that information or report to him.

(5) Where the accounts, records and financial statements of a Crown agency or Crown-controlled corporation are audited by another auditor, the provincial auditor may rely on any report of that auditor for the purpose of fulfilling his responsibilities under this Act.

(6) Where, in the opinion of the provincial auditor, a report, document or explanation provided to him pursuant to this section is not sufficient to allow him to fulfill his responsibilities under this Act, he may conduct or cause to be conducted any additional examination or audit of the accounts, records or financial statements of a department of the

Government of Saskatchewan, a Crown agency or Crown-controlled corporation that he considers necessary.

12.(1) At the end of each fiscal year, the provincial auditor shall report to the Legislative Assembly on the results of all examinations or departments of the Government of Saskatchewan and Crown agencies giving details of any reservations of opinion made in an audit report and shall call attention to every case in which in his opinion:

(a) any officer or employee of a department of the Government of Saskatchewan or Crown agency has wilfully or negligently omitted to collect or receive any public money belonging to the Crown;

(b) any public money was not duly accounted for and paid into the appropriate fund;

(c) any appropriation was exceeded or was applied to a purpose or in a manner not authorized by the Legislature;

(d) an expenditure was made for which there was no authority or which was not properly vouchered or certified;

(e) there has been a deficiency or loss to the Crown through the fraud, default or mistake of any person;

(f) a special warrant authorized the payment of public money; or

(g) essential records were not maintained or the rules and procedures applied were not sufficient:

(i) to safeguard and control public money;

(ii) to effectively check the assessment, collection and proper allocation of public money; or

(iii) to ensure that expenditures were made only as authorized;

and shall call attention to any other matter connected with a department of the Government of Saskatchewan, a Crown agency or a Crown-controlled corporation that he considers should be brought to the notice of the Legislative Assembly.

(2) In the annual return made pursuant to subsection (1), the provincial auditor may:

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(a) report on the work of his office and on whether, in carrying on the work of his office, he received all the information, reports and explanations he required from departments of the Government of Saskatchewan, Crown agencies or Crown-controlled corporations or their auditors; and

(b) comment on the financial statements of any department of the Government of Saskatchewan, Crown agency or Crown-controlled corporation of which he is the auditor.

(3) Notwithstanding subsection (1), the provincial auditor is not required to report to the Legislative Assembly on any matter that he considers immaterial or insignificant.

13. The provincial auditor may prepare a special report to the Legislative Assembly on any matter that is, in his opinion, important or urgent.

14. Notwithstanding The Tabling of Documents Act:

(a) the provincial auditor shall submit to the Speaker, as soon as is practicable, his annual report and any special report that is prepared by him pursuant to section 13; and

(b) the Speaker shall, as soon as practicable, lay before the Legislative Assembly each report received by him pursuant to clause (a).

15.(1) The provincial auditor shall certify, in accordance with the outcome of his examinations, all financial statements of:

(a) any funds that he is required to audit pursuant to subsection 11.(1);

(b) Crown agencies;

(c) Crown-controlled corporations; and

(d) accounts not related to public money that are, by an Act, required to be examined by him.

(2) Notwithstanding any other provision of this Act, the provincial auditor is not required to audit or report on the financial statements of a Crown agency or Crown-controlled corporation for which the Lieutenant Governor in Council or Treasury Board has appointed another auditor.

16.(1) Where:

(a) the Legislative Assembly or the Standing Committee of the Legislative Assembly on Public Accounts:

(i) requests the provincial auditor to perform a special assignment; and

(ii) causes the provincial auditor to be provided with the funding that the provincial auditor considers necessary to undertake the special assignment; and

(b) in the opinion of the provincial auditor, the special assignment will not unduly interfere with his other duties prescribed in this Act;

the provincial auditor shall perform the special assignment.

(2) Notwithstanding The Tabling of Documents Act:

(a) the provincial auditor shall submit to the Speaker, as soon as is practicable, the report of any special assignment prepared pursuant to subsection (1) on the request of the Legislative Assembly; and

(b) the Speaker shall, as soon as is practicable, lay before the Legislative Assembly each report received by him pursuant to clause (a).

(3) The provincial auditor shall submit to the Clerk of the Assembly a special report prepared pursuant to subsection (1) on the request of the Standing Committee of the Legislative Assembly on Public Accounts, and the clerk shall make the special report available to the members of that committee.

(4) Where:

(a) the Lieutenant Governor in Council:

(i) requests the provincial auditor to perform a special assignment; and

(ii) causes the provincial auditor to be provided with the funding that the provincial auditor considers necessary to undertake the special assignment; and

(b) in the opinion of the provincial auditor, the special

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assignment will not unduly interfere with his other duties prescribed in this Act;

the provincial auditor may perform the special assignment.

(5) The provincial auditor shall submit, as soon as is practicable, a special report prepared pursuant to subsection (4) to the Lieutenant Governor in Council.

17. Whenever, in the opinion of the provincial auditor or another auditor who is appointed to undertake an audit of Crown agencies or Crown-controlled corporations, any public money or revenues or money collected or held by employees of Crown-controlled corporations have been improperly retained by any person, the provincial auditor or the other auditor, as the case may be, shall immediately report the circumstances of that case to the member of the Executive Council who is responsible for the department of the Government of Saskatchewan, Crown agency or Crown-controlled corporation and the Minister of Finance.

18. The provincial auditor shall:

(a) cause to be examined debentures and other securities of the Government of Saskatchewan that have been redeemed;

(b) assure himself that the securities described in clause (a) have been properly cancelled; and

(c) at any time and to any extent that the Minister of Finance may require, participate in the destruction of any redeemed or cancelled securities or unissued reserves of securities.

19. On the request of the Standing Committee of the Legislative Assembly on Public Accounts, the provincial auditor and any member of his office shall attend meetings of that committee to assist that committee:

(a) in planning the agenda for its review of the public accounts, the annual report of the provincial auditor, a special report prepared pursuant to section 13 or a report prepared pursuant to subsection 16.(1) on the request of the committee; and

(b) during its review of the items described in clause (a).

AUDIT COMMITTEE

20.(1) An audit committee, composed of not more than five persons appointed by the Lieutenant Governor in Council, is established.

(2) No Member of the Legislative Assembly is eligible to be a member of the audit committee.

(3) The Lieutenant Governor in Council shall designate one member of the audit committee as chairman.

(4) The audit committee may determine its rules of procedure.

21. On the request of the provincial auditor or the Minister of Finance, the chairman of the audit committee shall call a meeting of the audit committee to review any matter that, in the opinion of the provincial auditor or the Minister of Finance, as the case may be, should be considered by the committee.

22. The provincial auditor may give the audit committee any information that he considers appropriate to enable the audit committee to advise the Lieutenant Governor in Council on the result of any audit or examination made by him.

23. The provincial auditor shall present to the audit committee:

(a) his annual report; and

(b) any special report prepared pursuant to section 13;

before he submits the report to the Speaker.

GENERAL

24.(1) The provincial auditor is entitled:

(a) to free access, at all convenient times, to:

(i) all electronic data processing equipment and programs and documentation related to the electronic data processing equipment; and

(ii) all files, documents and other records relating to the accounts;

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of every department of the Government of Saskatchewan, Crown agency, Crown-controlled corporation or other person that he is required to examine or audit or with respect to which he is examining pursuant to a special assignment; and

(b) to require and receive from employees of a department of the Government of Saskatchewan, Crown Agency, Crown-controlled corporation or other person subject to examination or audit by him any information, reports and explanations that he considers necessary for the proper performance of his duties.

(2) The provincial auditor may station in any department of the Government of Saskatchewan, Crown agency, Crown-controlled corporation or with any other person subject to examination or audit by him any employee of his office or advisor, specialist or consultant engaged pursuant to section 7 to enable him more effectively to carry out his duties, and the department, Crown agency, Crown-controlled corporation or other person subject to examination or audit shall provide the necessary office accommodation for the employee, advisor, specialist or consultant person so stationed.

25. The provincial auditor may examine any person on any matter relating to any account that is subject to an examination or audit by him, and, for the purposes of that examination, he may exercise all the powers of commissioners under The Public Inquiries Act.

26. The provincial auditor is not required to lay any audit working papers of his office before the Legislative Assembly or any committee of the Legislature.

27.(1) An accountant, who is:

(a) a member in good standing of the Institute of Chartered Accountants of Saskatchewan;

(b) not employed by a department of the Government of Saskatchewan, a Crown agency, a Crown-controlled corporation or the office of the provincial auditor; and

(c) appointed by the Lieutenant Governor in Council;

shall audit the accounts of the office of the provincial auditor.

(2) An auditor appointed under subsection (1) has the same powers and shall perform the same duties in relation to an

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audit of the office of the provincial auditor that the provincial auditor has or performs in relation to an audit performed pursuant to this Act.

(3) The auditor of the office of the provincial auditor shall submit his report to the Standing Committee of the Legislative Assembly on Public Accounts.

28. The provincial auditor may charge a reasonable fee for professional services provided by his office.

29. The provincial auditor, the employees in his office and any advisor, specialist or consultant engaged pursuant to section 7 are not liable in any action for any act done or not done or on any statement made by them in good faith in connection with any matter they are authorized or required to do under this Act.

30. The provincial auditor, any employee in his office or any advisor, specialist or consultant engaged pursuant to section 7:

(a) shall preserve secrecy with respect to all matters that come to his knowledge in the course of his employment or duties under this Act; and

(b) shall not communicate those matters to any person, other than when he is required to do so in connection with:

(i) the administration of this Act;

(ii) any proceedings under this Act; or

(iii) any proceedings in a court of law.

31. Subject to subsection 4.(4), any sums required for the purposes of this Act are to be paid from moneys appropriated by the Legislature for the purpose.

32.(1) The person appointed on the day before the coming into force of this section as provincial auditor pursuant to The Department of Finance Act, as that Act existed on the day before the coming into force of this Act, is deemed to be appointed as provincial auditor pursuant to this Act.

(2) On the day this section comes into force, the members of the public service who are employed in the office of the provincial auditor cease to be employed in the public service

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and each such person becomes an employee of the office of the provincial auditor at a salary of not less than that he was receiving on the day before the day this section comes into force.

33. This Act comes into force on the day The Department of Finance Act, 1983 comes into force.



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APPENDIX II

LIST OF DEPARTMENTS, CROWN AGENCIES, CROWN CONTROLLED CORPORATIONS, OFFICES OF THE LEGISLATIVE ASSEMBLY AND OTHER ORGANIZATIONS SUBJECT TO AN AUDIT EXAMINATION UNDER THE PROVINCIAL AUDITOR ACT

Departments and Secretariats:

Advanced Education and Manpower
Agriculture
Consumer and Commercial Affairs
Co-operation and Co-operative Development
Culture and Recreation
Economic Development and Trade
Education
Energy and Mines
Environment
Executive Council
Finance
Health
Highways and Transportation
Indian and Native Affairs Secretariat
Justice
Labour
Northern Saskatchewan
Parks and Renewable Resources
Provincial Library
Provincial Secretary
Public Service Commission
Revenue and Financial Services
Rural Development
Science and Technology
Social Services
Supply and Services
Telephones
Tourism and Small Business
Urban Affairs
Women's Secretariat

Crown Agencies:

Agricultural Credit Corporation
Agricultural Development Corporation of Saskatchewan
Agricultural Implements Compensation Board
Agricultural Research Foundation
Alcoholism Commission
Battlefords Regional Care Centre

Cablecom Corporation
Carlton Trail Community College
Consumers Oil Inc. (Subsidiary of S.P.C.)
Consumers Oil Ltd. (Subsidiary of S.P.C.)
Coteau Range Community College
C.I.C. Industrial Interests Inc. (CIC III)
 (Subsidiary of C.I.C.)
Crown Investments Corporation of Saskatchewan
Cypress Hills Community College
563361 Saskatchewan Ltd.
Frank Eliason Centre
Hospital Laundry Services Ltd.
LaRonge Region Community College
Many Islands Pipe Lines Ltd. (Subsidiary of S.P.C.)
Many Islands Pipe Lines (Canada) Ltd. (Subsidiary of
 S.P.C.)
Milk Control Board
Mistikwa Community College
Municipal Employees' Superannuation Commission
Municipal Financing Corporation of Saskatchewan
Municipal Potash Tax Sharing Administration Board
NAS Management Ltd. (Subsidiary of S.E.D.C.O.)
Natonum Community College
North East Community College
North Sask. Electric Ltd. (Subsidiary of S.P.C.)
Northern Forest Operations Ltd. (Subsidiary of S.F.P.C.)
Palliser Regional Care Centre
Parkland Community College
Parkland Regional Care Centre
PCS Sales (Indiana) Inc. (Subsidiary of P.C.S. Sales)
PCS Sales (Iowa) Inc. (Subsidiary of P.C.S. Sales)
Potash Corporation of Saskatchewan (P.C.S.)
Potash Corporation of Saskatchewan International Limited
 (PCS International) (Subsidiary of P.C.S.)
Potash Corporation of Saskatchewan Mining Ltd. (PCS
 Mining) (Subsidiary of P.C.S.)
Potash Corporation of Saskatchewan Sales Limited (PCS
 Sales) (Subsidiary of P.C.S.)
Potash Corporation of Saskatchewan Transport Limited
 (PCS Transport) (Subsidiary of P.C.S.)
Prairie Agricultural Machinery Institute
Prairie Housing Development Corporation Ltd. (Subsidiary
 of Sask. Housing Corp.)
Prairie Malt Limited (Subsidiary of CIC III)
Prairie West Community College
Prince Albert Pulp Company Ltd. (Subsidiary of C.I.C.)
Public and Private Rights Board
Public Utilities Review Commission
Regina General Hospital
Regina Plains Community College

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St. Louis Alcoholism Rehabilitation Centre
Sask. Pen Properties Ltd.
Saskatchewan Arts Board
Saskatchewan Assessment Authority
Saskatchewan Beef Stabilization Board
Saskatchewan Cancer Foundation
Saskatchewan Centre of the Arts
Saskatchewan Legal Aid Commission
Saskatchewan Computer Utility Corporation
Saskatchewan Crop Insurance Corporation
Saskatchewan Development Fund Corporation
Saskatchewan Economic Development Corporation (S.E.D.C.O.)
Saskatchewan Forest Products Corporation (S.F.P.C.)
Saskatchewan Government Insurance
Saskatchewan Grain Car Corporation
Saskatchewan Horse Racing Commission
Saskatchewan Housing Corporation
Saskatchewan Indian Community College
Saskatchewan Liquor Board
Saskatchewan Liquor Licensing Commission
Saskatchewan Medical Care Insurance Commission
Saskatchewan Minerals
Saskatchewan Mining Development Corporation (S.M.D.C.)
Saskatchewan Oil and Gas Corporation
Sask Oil Resources Inc. (Subsidiary of Sask Oil)
Saskatchewan Pork Producers Marketing Board
Saskatchewan Power Corporation (S.P.C.)
Saskatchewan Research Council
Saskatchewan Sheep & Wool Marketing Commission
Saskatchewan Telecommunications
Saskatchewan Transportation Company
Saskatchewan Vegetable Marketing Commission
Saskatchewan Water Supply Board
Saskatoon Region Community College
Saskatoon Sanatorium Regional Care Centre
S.M.D. Mining Co. Ltd. (Subsidiary of S.M.D.C.)
Souris Valley Regional Care Centre
South East Community College
South Saskatchewan Hospital Centre
South Saskatchewan River Irrigation District
Surface Rights Arbitration Board
Teachers' Superannuation Commission
The Local Government Board
The Saskatchewan Government Printing Company
University Hospital
Western Development Museum
Westside Community College
Workers' Compensation Board

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Crown Controlled Corporations: (50% - 90% owned)

Canpotex Bulk Terminals Limited (Subsidiary of PCS
Transport)

Other organizations subject to examination under The
Provincial Auditor Act:

Legislative Assembly Office
Legislative Librarian
Ombudsman
Provincial Auditor
Saskatchewan Archives Board
University of Regina
University of Saskatchewan